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THE 1961 FEED GRAIN PROGRAM

A General Explanation

The 1961 feed grain program recently authorized by Congress is a voluntary program designed to stop the buildup of the feed grain supply that is now at an all-time record high level.

The program offers all producers of corn and grain sorghum an opportunity to work together and in cooperation with their Government in the task of improving the feed grain situation. Carryover stocks and production of feed grains are so high at this time that to continue our present trend is dangerous to the whole livestock-grain producing portion of agriculture.

The program provides for the voluntary reduction of corn and grain sorghum acreage from the 1959-1960 base for these crops on individual farms. Farmers who make the reductions will receive payments for diverting the former corn or grain sorghum acreage to conservation uses.

For most farms, the payment will be higher than the probable net income from these acres if they were in production. The payment assures a farmer of a reasonable net income from the cropland taken out of corn or grain sorghum production regardless of drought, hail, excessive moisture, or other crop damage.

For those who use their feed grain production on their own farms, the payment will be enough to purchase at market prices a quantity of feed grain equal to more than one-half the normal production from the diverted acres.

In addition, producers of corn and grain sorghum who take part in the program will be eligible for price support on 1961-crop corn, grain sorghum, barley, oats and rye.

Producers of corn and grain sorghums who do not cooperate with the program will not be eligible for price support on any of the 1961-crop feed grains they produce.

THE FEED GRAIN SITUATION

The total supply of feed grains this marketing year is at a record high of 244 million tons. In the 5 years since 1956, the annual production of feed grains has jumped from 130.2 million tons to 168.5 million tons. In each of the 5 years, the production has been higher than in the previous year.

Along with the increase in production, the carryover from one marketing year to the next has jumped from 43.3 million tons in 1956 to 74.7 million tons in 1960. By October 1, 1961, the carryover is expected to reach 80 million tons. The increase in carryover has taken place during a period when the number of animals fed has increased and the rate of feeding has been going up, but these increases have not been as fast as the increase in feed grain supplies.

The Commodity Credit Corporation investment in feed grains, as a result of unlimited production and the operation of the price-support program, has doubled since 1956 and now stands at more than \$4 billion.

Secretary of Agriculture Orville L. Freeman, in commenting on the situation, had this to say: "Unless the present drift is stopped, it promises to become only worse and threatens the entire feed grain and livestock industry. It ultimately threatens the consumer as well."

THE FEED GRAIN PROGRAM

Objectives

The feed grain program has the following objectives:

1. To increase farm income.
2. To reduce the risk of serious overproduction of meat, poultry, and dairy products.
3. To stop the buildup of feed grain surplus and reduce it if possible.
4. To reduce Government costs of farm programs.
5. To assure consumers fair and stable prices for meat, poultry and dairy products.

General

All producers of corn and grain sorghum are eligible to take part in the feed grain program under which the acreage of corn and grain sorghum is reduced and diverted to conservation uses. The program is voluntary, but participation by farmers who produce corn and grain sorghum is required if they want to be eligible for price support on their 1961 crops of corn, grain sorghum, barley, oats, and rye.

A general explanation of the program and the requirements for taking part--becoming a cooperator--is given on the following pages.

Producer Declares Intention

County Agricultural Stabilization and Conservation (ASC) offices will have forms on which a farmer may declare his intention of cooperating in the program. Most farmers will not want to sign this form until they have the following information for their farms:

1. The corn or grain sorghum base.
2. The minimum acreage reduction required.
3. The maximum acreage reduction for payment.
4. The rates of payment per acre for corn and grain sorghum.
5. Conservation uses to which the diverted corn or grain sorghum acreage must be devoted.

Farm Acreage Information

The county ASC office will need the farm acreage information for all crops for 1959 and 1960 before a corn or grain sorghum base can be established for a farm. Many farmers have already supplied 1959- and 1960-crop acreage information to ASC offices. Other farmers who may be interested in cooperating in the program should supply their county ASC offices with this necessary acreage information as soon as possible.

Notice of Base

County ASC offices will make the determinations for bases, rates of payment, and approved conservation uses as rapidly as possible. The operator or owner of each farm for which the county office has the necessary acreage information will then receive for his farm a notice of the determinations of the county ASC committee.

The farm base for corn and grain sorghum is established by the county ASC committee from the acreage on the farm used for the production of those crops in 1959 and 1960.

Extent of Reduction

The minimum acreage for diversion from either corn or grain sorghum or a combination of both, to qualify as a cooperator and to be eligible for price support, is calculated from the established base for a farm. The minimum reduction is 20 percent of the base. If both crops are grown on the same farm, the reduction for both crops may be made in either crop or part in each crop. If this is done, the payment made will be for the crop acreage actually reduced--if the reduction for corn and for grain sorghum is made in grain sorghum acreage, the payment will be figured on grain sorghum.

The maximum acreage that can be diverted to conservation uses varies, depending upon the size of the farm base:

1. If the farm base is 25 acres or less, the base becomes the maximum diversion.

2. If the farm base is in excess of 25 but not more than 100 acres, the maximum diversion is 20 acres plus 20 percent of the base.

3. If the farm base is more than 100 acres, the maximum is 40 percent of the base.

For example: If a farm has a base of 80 acres, the minimum acreage to be diverted for the farmer to be a cooperator is 20 percent of 80 acres or 16 acres.

The maximum acreage for diversion under the program would be 20 acres plus 20 percent of the base (16 acres) or 36 acres.

Another example: A farm with an 18-acre base.

1. The minimum acreage for diversion would be 20 percent of 18 acres or 3.6 acres.

2. The maximum acreage for diversion would be 18 acres.

Total Acres of Conservation Use

For each acre diverted from the production of corn and grain sorghum on a farm, there must be an additional acre on the farm devoted to conserving uses in 1961. In other words, the cropland acres devoted to conservation under the feed grain program must be in addition to the farm's average acreage devoted to conservation use for 1959 and 1960.

Permitted Acres

Each cooperating farm will have a "permitted acreage" for corn and grain sorghums after the farm operator decides on how many acres he wants to divert from corn and grain sorghum production. The permitted acreage is figured by subtracting the diverted acreage from the base determined for the farm. The permitted acreage becomes the largest acreage of corn and grain sorghum that can be produced on the farm in 1961 for the farm to continue as a cooperating farm.

Eligibility for Price Support

Price-support eligibility for corn, grain sorghums, barley, oats, and rye produced on farms where either corn or grain sorghum was produced in 1959 or 1960 is dependent upon meeting the minimum acreage reduction and increase in conservation use for the farm for corn or grain sorghum or for both if both are grown on the same farm.

Price-Support Rates

Advance national average price-support rates are:

Corn	\$1.20 bu.	Oats	62¢ bu.
Grain Sorghum	\$1.93 cwt.	Rye	\$1.02 bu.
Barley	93¢ bu.		

Payment Rates

Each county will have two county average rates of payment per acre established for corn and two for grain sorghum. One of these rates will be based on 50 percent of the county normal yield per acre times the county support rate. The other rate will be based on 60 percent of the county normal yield per acre times the county support rate.

Each farm participating in the program will be assigned a productivity index indicating the relationship of the productivity of the farm in relation to the county average yield. Farm payment rates will be the county rate times the farm productivity index. The rates for each farm will be a part of the notice mailed to each farmer who has filed an acreage report with the county ASC office if he has a record of corn or grain sorghum acreage for 1959 or 1960.

The rate which is based on 50 percent of the assigned normal yield for a farm applies to each acre of the first 20 percent diverted from the farm base acreage. It is also the rate of payment for each acre diverted in excess of 40 percent of the base.

When more than 20 percent of the base for a farm is diverted, the rate per acre--based on 60 percent of the assigned normal yield for the farm--applies to each acre between 20 percent and 40 percent of the base.

Payment When Base is From 20 Acres to 100 Acres

The provision for two rates of payment for farms with bases from 20 acres up to 100 acres works in this way:

Using the farm with an 80-acre base:

Assume payment rates of \$30 an acre for the lower payment rate (based on 50 percent of normal production) and \$36 for the larger payment rate per acre.

(a) If only the minimum number of acres is diverted, the \$30 rate would apply. So the payment would be 20% of $80 \times \$30 = \480 .

(b) If the maximum diversion (20 A. plus 20% of 80 A. = 36A) is made on the farm, there would be 20 percent of the base at the lower or \$30 rate; and the second 20 percent of the base would be at the \$36 rate. Since this accounts for only 32 acres of the diversion, there is an additional 4 acres at the \$30 rate.

16 acres at \$30 =	\$480
16 acres at \$36 =	\$576
4 acres at \$30 =	<u>\$120</u>
Total payment	\$1,176

Payment When Base is Less Than 20 Acres

Assume a farm with a base of 15 acres and payment rates of \$30 and \$36. If the minimum diversion is made, the payment would be for 20

percent of 15 acres or 3 acres \times \$30 = \$90 total payment, with all diverted acres at the same rate.

If the maximum diversion is made on this farm, the entire base could be diverted since the base is less than 20 acres.

The payment would be figured in this way:

3 acres at \$30 =	\$90
3 acres at \$36 =	\$108
9 acres at \$30 =	<u>\$270</u>
Total payment	\$468

Payment When Base is More Than 100 Acres

Assume a farm with a base of 140 acres and payment rates per acre of \$14.50 and \$17.40.

If the diversion is the minimum, the payment would be:

$$\begin{aligned} 20\% \text{ of } 140 &= 28 \text{ A.} \\ 28 \times \$14.50 &= \$406 \end{aligned}$$

If the diversion is the maximum, the payment would be:

$$\begin{aligned} 20\% \text{ of } 140 \text{ A.} &= 28 \text{ A. at } \$14.50 = \$406.00 \\ 20\% \text{ of } 140 \text{ A.} &= 28 \text{ A. at } \$17.40 = \underline{\$487.20} \\ \text{Total payment} &\quad \$893.20 \end{aligned}$$

Use of Diverted Acres

An acreage equal to the acreage diverted from corn or grain sorghum, or from both if both are grown, must be devoted to approved conservation uses in addition to the acreage on the farm normally devoted to conservation uses.

The diverted acreage devoted to conservation uses cannot be grazed after April 15 or a crop harvested from it. In addition, weeds, rodents, and insects must be controlled on the devoted acreage as directed by the county ASC committee.

The acreage representing the usual acreage of conservation use on the farm may be grazed, cut for hay, or silage except for acreage which is under a Conservation Reserve contract.

Planting Diverted Acres to Castor Beans, Safflower, Sesame or Sunflowers

A part or all of the diverted acreage may be planted to castor beans, safflower, sesame, or sunflowers. Producing these crops on diverted acreage will make the acreage so planted ineligible for payment. However, diverted acreage planted to these crops will count in meeting the minimum diversion requirement for price support for feed grains produced on the farm.

Conservation Uses

The diverted acreage may be devoted to the following conservation uses:

1. Permanent-type rotation cover of grasses and legumes.
2. Temporary cover of grasses, legumes, or small grains.
3. Water storage.
4. Wildlife food or habitat plantings.
5. Trees or shrubs.
6. Cropland in volunteer natural cover or in protected summer-fallow if the county committee determines that the establishment of cover is impracticable within this general classification. Each county ASC committee will establish an approved list of conservation uses for its county.

The ACP and Diverted Acres

Aid under the ACP or other programs in establishing conserving uses on diverted acres will not make the farm ineligible under the feed grain program. If the county ASC committee so desires, it may approve ACP cost-share on the conservation-use acres. However, such cost-share assistance is not guaranteed.

Making Payments

All payments will be in the form of negotiable certificates for which producers may receive grain or a cash equivalent of grain. A cooperator who redeems his negotiable certificate in grain may feed the grain or sell it on the market. Cooperators who wish to receive the cash equivalent of the grain at the local support price may ask the Commodity Credit Corporation to act as their agent in marketing their grain. As agent for the producer, Commodity Credit Corporation will advance the payment to the producer in cash through the county ASC office and subsequently market the grain represented by the certificate.

Division of Payments

Where a division of the payment is to be made between a landlord and a tenant, the division will be shown on the application for payment. County ASC committees have the responsibility to satisfy themselves that the division of payments is fair and that both the landlord and the tenant agree to the division.

To Sign Up

To cooperate in the 1961 feed grain program, the following steps should be taken: A farmer first supplies his county ASC office with an acreage report. That report should include the acreage and crops produced on his farm in 1959 and 1960. (Many farmers have already supplied this information to the county ASC offices.)

After this acreage information has been filed by the farmer, the county ASC committee will establish a base for the farm. If the farmer has been producing only corn, the base will be for corn, or, if only grain sorghum is produced, the base will be for grain sorghum. If both are produced, the base will include both. In addition, the county committee will determine the rates of payment for the farm.

A notice of these determinations will be sent the farmer by the county committee.

The next step is for the farmer to complete and file at the county office, not later than the final date, an intention-to-participate form. If he wants an advance payment, he will also file an application at that time. After these forms are filed, the farmer will then have the responsibility of (1) diverting from corn and grain sorghum the number of acres indicated on the intention-to-participate form, and (2) increasing his acreage of land in conservation use, as called for by his diversion.

Advance Payment

At the time he files his intention-to-participate form, he may also make a request to the county ASC office for an advance payment not to exceed one-half his estimated total payment for participation in the program. If he takes an advance payment, he will receive the balance of his payment when performance on the farm has been established.

A Cooperator Has These Advantages--

1. Price support will be available for his 1961 production of corn, grain sorghum, barley, oats, and rye.
2. The income from the acres diverted is assured regardless of drought, flood, insects, hail, or crop diseases.
3. For most producers of corn and grain sorghum, the payment on the diverted acreage will be greater than the net income from a normal crop on these acres.
4. Not to exceed one-half of the estimated payment will, at the cooperator's request, be made in advance, at the time of signing up or as soon as possible after that time.

The Noncooperator Will--

1. Have no price support available for any of his 1961 feed grain production.
2. Not be assured of net income from any of his 1961 feed grain acreage.
3. Get only the market price, whatever that may be.
4. Get no part of his income from an advance payment this spring.

This explanation is provided to help in the general understanding of the 1961 Feed Grain Program. It does not replace the official instructions and regulations applicable to individual farm situations.